

## Message Text

LIMITED OFFICIAL USE

PAGE 01 JAKART 09288 150955Z

12  
ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W  
----- 019631

R 150900Z JUL 76  
FM AMEMBASSY JAKARTA  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 5665  
AMEMBASSY SINGAPORE  
AMCONSUL MEDAN  
AMCONSUL SURABAYA

LIMITED OFFICIAL USE JAKARTA 9288

USDOC FOR OEPD

E.O. 11652: N/A  
TAGS: BEXP, BENC  
SUBJECT: MAJOR PROJECT - RADJAWALI SUGAR MILL

REF : JAKARTA 8189

BEGIN UNCLASSIFIED

-----  
1. EMBOFFS MET JULY 7 WITH MOHAMAD JUSUF (PRESIDENT) AND  
SUMARGONO (DIRECTOR) OF P.T. RADJAWALI NASANTARA INDONESIA,  
OFFICE ADDRESS: JL ASEMKA 18/19, JAKARTA-(95-. MOHAMAD  
JUSUF INFORMED EMBOFFS THAT RADJAWALI HAD JUST COMPLETED  
NEW SUGAR MILL AT KREBAT BARU IN MEDIUM AREA, EAST JAVA.  
CONSULTANTS WERE AGRICONSULT OF HOLLAND, AND PLANT WAS

BUILT BY A.W. SMITH OF BRITAIN WITH ECGD FINANCING; HOWEVER,  
MOHAMAD JUSUF SAID NO RPT NO GOI, COMPANY, OR BANK GUARANTEES  
WERE GIVEN TO OBTAIN ECGD FINANCING.

2. MOHAMAD JUSUF THEN INDI-  
CATED THAT RADJAWALI NOW PLANNING  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JAKART 09288 150955Z

BUILD SECOND MILL, PREFERABLY IN NGANJUK AREA, NEAR

MEDIUM, AND HAS ALREADY OBTAINED EAST JAVA GOVERNOR'S SUPPORT FOR PROJECT. GOI OFFICIALS HAVE UNOFFICIALLY SURVEYED AREA, AND MINISTER OF AGRICULTURE'S CONCURRENCE HAS BEEN REQUESTED FOR HIRING CONSULTANTS TO CONDUCT FORMAL FEASIBILITY STUDY. FEASIBILITY STUDY NEEDED TO SEEK FINANCING, WHICH GOI HAS STIPULATED MUST BE "BUYER'S CREDITS", PRESUMABLY MEANING EXIM-TYPE FINANCING. MOHAMAD JUSUF INDICATED THAT FINANCING PACKAGE WOULD NEED INCLUDE CREDITS FOR LOCAL COSTS, PREFERABLY FROM EURODOLLAR MARKET, BECAUSE HE BELIEVES LOCAL BANKS UNABLE SUPPLY MEDIUM TERM RUPIAH CREDITS AND DOMESTIC INTEREST RATES ARE HIGH.

3. POSSIBILITY UTILIZING EXIM FINANCING FOR SUCT RPROJECT, PERHAPS INCLUDING FEASIBILITY STUDY, MAY REQUIRE FURTHER INVESTIGATION. UNLIKE GOI-MANAGED PTP/PNP'S INVOLVED IN CURRENT GOI TENDER FOR SIX SUGAR MILLS, RADJAWALI IS LIMITED COMPANY UNDER DIRECTION OF INDEPENDENT BOARD OF DIRECTORS CHARED BY MINISTER OF FINANCE. ORIGINALLY A PRIVATE COMPANY, IT WAS TAKEN OVER BY GOI; BUT 75 PERCENT OF AUTHORIZED CAPITAL YET TO BE PAID IN AND COULD EVENTUALLY BE SOLD TO PRIVATE INVESTORS. IN SHORT, ALTHOUGH GOI IS TECHNICALLY SOLE CURRENT SHARE HOLDER, COMPANY IS MANAGED MORE LIKE PRIVATE FIRM THAN STATE AGENCY. EMBOFFS THEREFORE ASKED WHETHER GOI WAS WILLING SERVE AS OBLIGOR FOR FUTURE RADJAWALI PROJECT FINANCING. MOHAMAD JUSUF'S REPLY DURING MEETING SUGGESTED GOI WOULD NEITHER BE OBLIGOR NOR PROVIDE GUARANTEE; HOWEVER, NEXT DAY SUMERGONO TELEPHONED EMBASSY TO CORRECT THIS IMPRESSION, STATING THAT MINISTRY OF FINANCE WOULD IN FACT BE OBLIGOR.

4. EMBASSY BELIEVES THIS PROJECT WARRANTS SERIOUS INVESTIGATION BY US FIRMS, PARTICULARLY SINCE LIMITED COMPANY STATUS SHOULD ENABLE RADJAWALI MAKE RELATIVELY QUICK, INDEPENDENT DECISIONS RE CONTRACT AWARDS AND FINANCING, E.G., KREBET BARU PROJECT WAS BROUGHT ON STREAM WITHIN THREE YEARS FROM DATE ORIGINALLY CONCEIVED. RADJAWALI MANAGEMENT INDICATED THAT ONCE MINISTER APPROVES PROJECT CONCEPT, DECISION-MAKING LARGELY IN COMPANY'S HANDS WITH GOI MOSTLY EXERCISING REVIEW AUTHORITY. RADJAWALI MANAGEMENT CLEARLY UNDER-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JAKART 09288 150955Z

STANDS "TOTAL PACKAGE" CONCEPT OF PROPOSAL EVALUATION, A CONCEPT WHICH

US BIDDERS HAVE UNSUCCESSFULLY SOUGHT OPPORTUNITY PITCH TO TENDER EVALUATION TEAM ON SIX GOI PROJECTS.

5. ACTION REQUESTED: MOHAM JUSUF HOPES BEGIN CONSTRUCTION WITHIN ONE YEAR, AND INDICATED HE WOULD WELCOME APPROACH BY INTERESTED US FIRMS, BOTH FOR CONSULTANT WORK

(WHICH MINISTER MAY APPROVE THIS MONTH) AND FOR EVENTUAL  
TURNKEY CONSTRUCTION OF PROJECT. EMBASSY REQUESTS MEPD  
CONVEY ABOVE INFO TO KATY FULTON, ARKEL, AND ANY OTHER  
POTENTIAL US BIDDERS. HOWEVER, PLEASE TO NOT RPT NOT  
PUBLISH OPPORTUNITY FOR MASS DISTRIBUTION UNTIL RADJAWALI  
ABLE OBTAIN MINISTER'S APPROVAL PROCEED. END UNCLASSIFIED.

BEGIN LIMITED OFFICIAL USE

-----  
6. COMMENT: SUBSEQUENT TO COVNERSTATION WITH RADJAWALI EMBASSY  
RECEIVED COPY OF CABLE SENT JULY 9 BY MAN CALLED  
"PROBOKESO" OF P.T. KARLI COMPANY TO JEWETT OF ARKEL. CABLE,  
WHICH SENT OVER NAME OF KARLI PRESIDENT SYAMSI  
MINTAPRAJA, REFERS TO ARKEL'S "NEGOTIATIONS" WITH RADJAWALI  
RE "SUGAR FACTORY DEAL" AND TAKES "LIBERTY OF OFFERING OUR  
COOPERATION" TO CREAT SUCH "DEAL". SINCE PROBOKESO HAD  
REQUESTED JEWETT'S NAME FROM EMBASSY STAFF MEMBER FOLLOWING  
EMBOFF DISCUSSION WITH RADJAWALI AND SINCE IN  
PREVIOUS CONTACTS WITH PROBOKESO WE HAVE BEEN UNABLE  
DETERMINE HIS EXACT RELATIONSHIP TO EITHER KARLI COMPANY  
(A FAMILIAR LOCAL FIRM) OR PROJECTS HE CLAIMS BE "PROMOTING".  
EMBASSY CALLED RADJAWALI AGAIN. RADJAWALI INDICATED THEY  
KNEW KARLI BUT NOT RPT NOT PROBOKESO, AND THEY SAID THAT  
ARKEL OR ANY OTHER US FIRM COULD CONTACT RADJAWALI  
DIRECTLY. WHILE IT IS NOT RPT NOT UNCOMMON PRACTICE HERE  
ON PROJECTS INVOLVING GOI-OWNED COMPANIES TO WORK THROUGH  
PRIVATE AGENTS AND SUBCONTRACTORS PERSONALLY CLOSE TO  
MANAGERS OF GOI-OWNED COMPANY, EMBASSY RECOMMENDS THAT  
INTERESTED US FIRMS APPROACH RADJAWALI MANAGEMENT  
DIRECTLY, KEEPING OPTIONS OPEN TO SUCH SUGGESTIONS AS  
MANAGEMENT MAY IN TURN MAKE. END LIMITED OFFICIAL USE.  
NEWSOM

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 JAKART 09288 150955Z

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976JAKART09288  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760272-1077  
**From:** JAKARTA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760756/aaaabwzw.tel  
**Line Count:** 154  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 JAKARTA 8189  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 MAY 2004 by ElyME>; APPROVED <27 SEP 2004 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAJOR PROJECT - RADJAWALI SUGAR MILL  
**TAGS:** BEXP, BENC  
**To:** COM  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006